



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

MAR 29 2007

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Addition of Various Debt Service Adjustments

These adjustments are necessary to make various technical corrections for the payment of lease revenue debt service and related insurance costs in fiscal year 2007-08. The total of these changes is a decrease of \$5,574,000 in General Fund expenditures and a decrease of \$290,000 in other funds to pay for the lease revenue bonds that were sold to finance various capital outlay projects. These adjustments are the result of revised debt service payment estimates in 2007-08 and are reflected as a set-aside for Control Section 4.30 adjustments.

Once the Budget Act has been signed, an executive order will be processed per Control Section 4.30 to allocate the adjustments as specified on Attachment 1.

The effect of my requested action is reflected on the following attachment.

If you have any questions or need additional information regarding this matter, please call Teresa Bierer, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Michael Machado, Chair, Senate Budget and Fiscal Review Committee No. 4
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office

Increase the following Items:

- 0250-003-0001 by \$19,000
- 1100-003-0001 by \$6,000
- 2660-005-0042 by \$13,000
- 4440-003-0001 by \$450,000
- 6440-003-0001 by \$1,297,000
- 8965-003-0001 by \$6,000
- 8966-003-0001 by \$3,000

Decrease the following Items:

- 0820-003-0001 by -\$874,000
- 2720-003-0044 by -\$3,000
- 3540-003-0001 by -\$467,000
- 4265-003-0001 by -\$577,000
- 4265-003-0044 by -\$27,000
- 4265-003-0080 by -\$16,000
- 4265-003-0203 by -\$202,000
- 4265-003-0890 by -\$5,000
- 5225-003-0001 by -\$2,424,000
- 6110-002-0001 by -\$3,000
- 6120-012-0001 by -\$4,000
- 6610-003-0001 by -\$3,001,000
- 8570-003-0001 by -\$5,000
- 8570-003-0601 by -\$1,000
- 8660-003-0412 by -\$1,000
- 8660-003-0461 by -\$6,000
- 8660-003-0462 by -\$42,000

MAR 29 2007

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 8380-001-0001 and 8380-004-0001, Support, Department of Personnel Administration

It is requested that Item 8380-001-0001 be increased by \$2,825,000 to develop and implement the Human Resources Modernization Project (Project). The first year, 2007-08, will focus on the development of a comprehensive plan to reform the process by which the state brings new employees into civil service, how salary calculations are conducted, and how employees can promote once they are working for the state. Modernizing the human resource functions will increase the state's recruitment and retention capabilities, and expand the pool of available qualified employees. The Project will be developed by the Department of Personnel Administration (DPA) and the State Personnel Board, along with loaned positions from various departments, to modernize the state's human resource functions. The Project is expected to span seven to eight years.

It is requested that Item 8380-001-0001 be increased by \$1.0 million to support increases associated with recruitment for psychiatric and medical services within state institutions. These funds will be used to contract with a private industry "head hunter" to assist the state with strategies for filling these classifications within California Department of Corrections and Rehabilitation (CDCR), Department of Mental Health (DMH), Department of Developmental Services (DDS), and Department of Veterans Affairs (DVA). It is expected that the focus of this recruitment will be outside of California and even outside of the United States. This will help avoid lawsuits as the impact of court-ordered salary increases provided by CDCR has had a staggering effect on these state institutions. The vacancy rate has forced several state hospitals to stop admissions, close units, and operate below the staffing standards agreed to by the state in a consent judgment with the federal Department of Justice pursuant to the Civil Rights for Institutionalized Persons Act.

It is requested that Item 8380-004-0001 be decreased by \$2,396,000 to account for a reduction to the number of Rural Health Care Equity Program participants. As of May 1, 2007, Blue Shield Health Maintenance Organization will be expanding to Humboldt County. Current state employees and retired employees residing in Humboldt County receiving medical care outside of an HMO will no longer be eligible for the Rural Health Care Equity Program. As a result, Rural Health Care subsidy amounts ranging from \$500 to \$1500 an individual per year are no longer necessary as part of this program.

-2-

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Koreen Hansen, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Michael Machado, Chair, Senate Budget and Fiscal Review Committee No. 4
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Dave Gilb, Chief Deputy Director, Department of Personnel Administration
Ms. Debbie Endsley, Assistant Chief Deputy Director, Department of Personnel Administration
Ms. Blanche Harbridge-Wright, Administration Chief, Department of Personnel Administration



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 8500-001-0152, Support, Board of Chiropractic Examiners

It is requested that Item 8500-001-0152 be increased by \$14,000 to provide funding for the Board of Chiropractic Examiners share of the Department of Consumer Affairs' iLicensing Project.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kristin Shelton, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
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Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Michael Machado, Chair, Senate Budget and Fiscal Review Committee No. 4
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Scott Reid, Acting Director, Department of Consumer Affairs
Ms. Pam Wortman, Fiscal Officer, Department of Consumer Affairs
Mr. Kevin Peterson, Budget Manager, Department of Consumer Affairs
Mr. Brian Stiger, Acting Executive Director, Board of Chiropractic Examiners



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Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 8530-001-0290, Support, Board of Pilot Commissioners

It is requested that Item 8530-001-0290 be increased by \$438,000 to provide funding for the Board of Pilot Commissioners trainee program. This would increase the Commission's pilot training capacity from 9 to 13 to address the anticipated increase in pilot retirements over the next three years and increase the monthly trainee stipend from \$4,200 to \$5,000 to aid in recruitment.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Kristin Shelton, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

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Attention: Mr. Bob Franzosa, Staff Director
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Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Michael Machado, Chair, Senate Budget and Fiscal Review Committee No. 4
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Patrick A. Moloney, Executive Director, Board of Pilot Commissioners
Mr. Kevin Peterson, Budget Manager, Department of Consumer Affairs



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 8550-001-0191, Support, California Horse Racing Board

It is requested that Item 8550-001-0191 be amended to redirect Operating Expenses and Equipment funding to provide 1.0 position for the establishment of in-house counsel to achieve more time-efficient resolutions and settlements of enforcement duties. Funding for this position results in no additional costs.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jesse McGuinn, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL C. GENEST
Director
By:

/s/ Vincent P. Brown

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Michael Machado, Chair, Senate Budget and Fiscal Review Committee No. 4
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Ms. Ingrid J. Fermin, Executive Director, California Horse Racing Board
Mr. Richard Smith, Assistant Executive Director, California Horse Racing Board
Ms. Wendy Voss, Assistant Chief of Administration, California Horse Racing Board

MAR 29 2007

Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support, Department of Food and Agriculture

It is requested that Item 8570-001-0001 be increased by \$106,000, Item 8570-001-0111 be increased by \$130,000, Item 8570-001-0191 be increased by \$20,000, Item 8570-001-0516 be increased by \$2,000, Item 8570-001-0890 be increased by \$61,000, Item 8570-012-0192 be increased by \$16,000, and Item 8570-002-0001 be increased by \$12,000, for a total of \$347,000, to provide funding for maintenance costs of the California State Accounting and Reporting System.

It is requested that Item 8570-001-0001 be increased by \$4,185,000 and 45.6 limited-term positions to provide funding for a two-year project to continue efforts to eradicate infestations of the Diaprepes Root Weevil in Los Angeles, Orange, and San Diego Counties. The agriculture products at risk from this infestation are the citrus, avocado, and nursery industries.

It is requested that Item 8570-001-0001 be amended by increasing Reimbursements by \$2,497,000 and 33.2 positions for an interagency agreement with the California Department of Fish and Game. These funds will be used to continue and expand watercraft inspections for quagga mussels at five Border Protection stations staffed by the California Department of Food and Agriculture. The quagga mussel poses an immediate and significant threat to the State Water Project and many other water systems and ecosystems.

It is requested that Item 8570-001-0001 be revised to add provisional language to Item 8570-001-0111 to specify that \$977,000 of the emergency funds referenced in Provision 1 of Item 8570-001-0111 are available to provide 7.1 personnel years to continue eradication efforts of the Japanese Dodder. The Japanese Dodder is currently in eleven central California counties as far north as Shasta County, as far south as Fresno County, Alameda, and Contra Costa Counties. The native plants at risk from this infestation include willow, box elder, oak, and pine, and the agriculture products at risk from this infestation are trees, vines, and many annual crops.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jesse McGuinn, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Alan Lowenthal, Chair, Senate Budget and Fiscal Review Committee No. 2
Honorable Ira Ruskin, Chair, Assembly Budget Subcommittee No. 3
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Honorable A. G. Kawamura, Secretary, California Department of Food and Agriculture
Mr. George Gomes, Undersecretary, California Department of Food and Agriculture
Mr. George Deese, Director, Administrative Services, California Department of Food and Agriculture
Mr. Jack Wright, Budget Officer, California Department of Food and Agriculture

Proposed Budget Bill Language
Item 8570-001-0111

7. Notwithstanding Provision 1 of this item, the Department of Food and Agriculture is authorized to establish 7.1 positions for one year and to allocate \$997,000 of the \$2,800,000 designated for emergency detection and eradication activities for Japanese Dodder.



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 8860-001-0001 and 8860-002-0001, Support, Department of Finance

It is requested that Item 8860-002-0001 be increased by \$613,000 and Item 8860-001-0001 be amended to provide funding for technical adjustments to salaries and wages and to adjust programmatic scheduling. These adjustments allow for negotiated salary increases and retention pay that were not included in the Department of Finance's fall proposal due to the timing of receipt of information.

It is requested that provisional language in Item 8860-002-0001 be revised to reflect recommended changes by the Department of General Services.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Debbie Chambliss, Chief, Administrative Services, at (916) 445-3274 ext. 3003.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

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cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzosa, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review
Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Michael Machado, Chair, Senate Budget and Fiscal Review Committee No. 4
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Mr. Michael Carter, Chief Operating Officer, State Controller's Office
Mr. Hugo Lopez, Director of Administration, State Treasurer's Office
Mr. Andrew Chang, Chief Deputy, Department of General Services



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Budget Bill Items 8940-001-0001 and 8940-001-0890, Support,
Military Department**

It is requested that Item 8940-001-0001 be increased by \$596,000 General Fund, and Item 8940-001-0890 be increased by \$739,000 Federal Trust Fund, to reflect the increased costs of the Congressionally-mandated State Active Duty pay adjustment.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jeff Carosone, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL C. GENEST
Director
By:

VINCENT P. BROWN
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Michael Machado, Chair, Senate Budget and Fiscal Review Committee No. 4
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Colonel Robert Olson, Comptroller, California Military Department
Ms. Debra L. Wade, Budget Officer, California Military Department



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Honorable Denise Moreno Ducheny, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable John Laird, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

**Amendment to Budget Bill Item 8955-001-0001, 8955-001-0890, and Reimbursements,
Addition of Items 8955-003-0001, 8955-301-0001, and 8955-301-0890, and Elimination of
Various Items, Support and Capital Outlay, Department of Veterans Affairs**

It is requested that items pertaining to the California Department of Veterans Affairs (CDVA) be amended to reflect the following changes.

It is requested that various items for CDVA be consolidated into single support and capital outlay items (See Attachment I) to enable effective administration of the Veterans Homes as follows:

- Augment Item 8955-001-0001 by \$126,938,000 and 1,336.0 personnel years for support of the Veterans Homes.
- Eliminate existing separate Veterans Homes Items 8960-001-0001, 8965-001-0001, 8966-001-0001, and 8967-001-0001.
- Augment Item 8955-001-0890 by \$27,845,000 for support of the Veterans Homes.
- Eliminate existing separate Veterans Homes Items 8960-001-0890, 8965-001-0890, and 8966-001-0890.
- Augment Reimbursements by \$25,482,000 for support of the Veterans Homes.
- Eliminate existing Reimbursements for the separate Veterans Homes.
- Establish Item 8955-003-0001 and Reimbursements with an appropriation of \$2,613,000 for rental payments on lease-revenue bonds for the Veterans Homes.
- Eliminate existing separate Veterans Homes lease-revenue Items 8965-003-0001 and 8966-003-0001.
- Establish Item 8955-301-0001 with an appropriation of \$824,000 for capital outlay.
- Establish Item 8955-301-0890 with an appropriation of \$13,831,000 for capital outlay.
- Eliminate capital outlay Items 8960-301-0001, 8965-301-0001, and 8960-301-0890.
- Transfer all existing provisional language in each item to the appropriate consolidated item.

It is requested that Item 8955-001-0001 be increased by \$86,000 to provide salary increases for specific medical professional classifications within California Veterans Homes. These funds will bring salaries for the specified classifications within market rate salaries and will encourage retention of medical staff at the Homes.

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It is requested that Item 8955-001-0001 be increased by \$1,871,000 and 7.9 personnel years for one-year only, for infrastructure repair and deferred maintenance projects. This augmentation will fund projects required for the health and safety of the residents at the California Veterans Homes.

It is requested that Item 8955-001-0001 be increased by \$1,194,000 to provide salary increases for specific mental health professional classifications serving at the California Veterans Homes. This augmentation will bring salaries for the specified classifications within the allowable court established salary rates for the same classifications within the Department of Corrections and Rehabilitation. These funds will encourage retention of mental health professional staff at the Homes.

It is requested that Item 8955-001-0001 be increased by \$325,000 and 4.7 personnel years to provide enhanced nursing services to meet patient care requirements. This augmentation will provide additional staff for 1-to-1 nurse-patient ratios for fragile residents and to provide escorts for residents receiving medical care away from the Veterans Homes.

It is requested that Item 8955-001-0001 be reduced by \$1,907,000 for amendments to proposals included in the 2007-08 Governor's Budget. This reduction includes the following:

- A base reduction of \$1,205,000 for the Equipment Replacement Program. Information technology equipment was erroneously included in the data used to determine the annual need.
- A base reduction of \$702,000 in Operating Expenses for pharmaceuticals, outside medical, and central supply costs. The original projections were based on historical data and a more accurate methodology for estimating these costs has been developed.

It is requested that Item 8955-001-8037 be established and \$110,000 be appropriated from the Veteran's Quality of Life Fund to the Morale, Welfare, and Recreation Fund of the Homes for distribution as required by Chapter 143, Statutes of 2005.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jesse McGuinn, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL C. GENEST

Director

By:

/s/ Vincent P. Brown

VINCENT P. BROWN

Chief Deputy Director

Attachment

cc: On following page

MAR 29 2007

cc: Honorable Tom Torlakson, Chair, Senate Appropriations Committee
Attention: Mr. Bob Franzoia, Staff Director
Honorable Dennis Hollingsworth, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mark Leno, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Roger Niello, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Elaine Alquist, Chair, Senate Budget and Fiscal Review Committee No. 3
Honorable Juan Arambula, Chair, Assembly Budget Subcommittee No. 4
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Mr. Ivan Altamura, Chief of Staff, Assembly Republican Leader's Office
Honorable Tom Johnson, Secretary, California Department of Veterans Affairs
Mr. Roger Bautigan, Undersecretary, California Department of Veterans Affairs
Mr. William Parente, Deputy Secretary, Veterans Homes, California Department of
Veterans Affairs
Mr. Jack Kirwan, Chief, Administrative Services Division, California Department of
Veterans Affairs
Ms. Joy Hempstead, Director of Financial Management Services, California Department of
Veterans Affairs
Mr. John Wahlstrom, Budget Officer, California Department of Veterans Affairs

MAR 29 2007

8955-001-0001—For support of the Department
of Veterans Affairs 160,065,000

Schedule:

- (1) 10-Farm and Home Loans to Veterans 206,141,000
- (2) 20-Veterans Claims and Rights..... 5,596,000
- (3) 30.01-Headquarters..... 24,500,000
- (4) 30.10-Veterans Home of California
at Yountville.....84,233,000
- (5) 30.20-Veterans Home of California
at Barstow..... 17,092,000
- (6) 30.30-Veterans Home of California
at Chula Vista..... 24,618,000
- (7) 30.40-Veterans Home of California
-Greater Los Angeles Ventura
County (GLAVC)..... 995,000
- (8) 50.01-General Administration..... 32,156,000
- (9) 50.02-Distributed General
Administration..... -32,156,000
- (10) Reimbursements..... -25,916,000
- (11) Amount Payable from the Veterans Service
Office Fund (Item 8955-001-0083)..... -49,000
- (12) Amount Payable from the Veterans Cemetery
Perpetual Maintenance Fund (Item 8955-001
-0238)..... -47,000
- (13) Amount payable from the Veterans Farm and
Home Building Fund of 1943 (Item 8955-001
-0592).....-1,949,000
- (14) Amount payable from the Federal
Trust Fund (Item 8955-001-0890)..... -28,017,000

Provisions:

1. Of the funds appropriated in Schedule (30.01), \$50,000 shall be used to provide federal benefits eligibility training and outreach materials to veterans service organizations.
2. The Department of Finance may authorize a loan from the General Fund, in an amount not exceed the level of reimbursements appropriated in Schedule (10) to the Veterans Homes of California, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for medical services provided.
 - (b) The loan is short term and shall be repaid within six months.
 - (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the Chairperson of the joint committee or his or her designee may determine.
3. At the end of the six-month term of the loan, the Department of Finance

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shall notify the Chairperson of the Joint Legislative Budget Committee whether the Veterans Home of California has repaid the loan made pursuant to subdivision (d) of Provision 2. If the department notifies the Legislature that the Veterans Home of California cannot repay the loan within the six-month loan period, it shall identify a payment schedule for full payment of the loan.

4. Of the funds appropriated in Schedule (30.10), the amount of \$500,000 is available for special projects that provide a direct benefit to the members of the Veterans Home of California at Yountville, including the maintenance of facilities used by members and the public. The Allied Council at the Veterans Home of California may submit special project requests to the administration for consideration. After consultation with the Allied Council, a budget for expenditure of these funds shall be approved by the administrator, and the Secretary of Veterans Affairs.
5. Of the funds appropriated in Schedule (30.10), up to \$118,000 shall be used to restore the Yountville Veterans Home's no-cost nonprescription drug benefit to the level provided in the 2004-05 fiscal year. It is the intent of the Legislature that this benefit shall be consistent with that provided at the Chula Vista and Barstow Veterans Homes.

8955-001-0890—For support of the Department of Veterans Affairs, for payment to Item 8955-001-0001, payable from the Federal Trust Fund 28,017,000

8955-003-0001—For support of the Department of Veterans Affairs, for rental payments on lease-revenue bonds..... 2,514,000

Schedule:

- | | |
|--------------------------------|-----------|
| (1) Base Rental and Fees | 2,599,000 |
| (2) Insurance | 14,000 |
| (3) Reimbursements | -99,000 |

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.
2. This item may contain adjustments pursuant to Control Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Control Section 4.30.

8955-017-0001—For support of the Department of Veterans Affairs, for implementation of the Health Insurance Portability and Accountability and Accountancy Act 125,000

Schedule:

- | | |
|------------------------------|---------|
| (1) 30.01-Headquarters | 125,000 |
|------------------------------|---------|

8955-301-0001—For capital outlay, Department of Veterans Affairs..... 824,000

Schedule:

- | | |
|--|---------|
| (1) 80.20.600-Yountville: Kennedy Hall Parking Lot Expansion—Preliminary plans, working drawings, and construction | 226,000 |
| (2) 80.40.220-Barstow: Emergency Generator—Preliminary plans, working drawings, and construction | 445,000 |
| (3) 80.40.260-Barstow: Improve Kitchen Cooling | |

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System—Preliminary plans, working drawings,
and construction 153,000

8955-301-0890—For capital outlay, Department of
Veterans Affairs, payable from the Federal
Trust Fund 13,831,000

Schedule:

(1) 80.20.440-Yountville: Remodel Member Services
Building—Construction 13,831,000